

HOUSE BILL No. 1263

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Tax credit for property taxes paid on inventory. Provides a credit against a taxpayer's state tax liability for property taxes paid on inventory.

Effective: January 1, 1999 (retroactive).

Bodiker

January 11, 1999, read first time and referred to Committee on Ways and Means.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1263

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]:

4 **Chapter 20. Credit for Property Taxes Paid on Inventory**

5 **Sec. 1.** As used in this chapter, "assessed value" means the
6 assessed value of inventory determined under IC 6-1.1-3.

7 **Sec. 2.** As used in this chapter, "inventory" has the meaning set
8 forth in IC 6-1.1-3-11.

9 **Sec. 3.** As used in this chapter, "pass through entity" means:

10 (1) a corporation that is exempt from the adjusted gross
11 income tax under IC 6-3-2-2.8(2); or

12 (2) a partnership.

13 **Sec. 4.** As used in this chapter, "state tax liability" means a
14 taxpayer's total tax liability that is incurred under:

15 (1) IC 6-2.1 (gross income tax);

16 (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);

17 (3) IC 6-3-8 (supplemental net income tax);



1 (4) IC 6-5.5 (financial institutions tax); and
 2 (5) IC 27-1-18-2 (insurance premiums tax);
 3 as computed after the application of the credits that under
 4 IC 6-3.1-1-2 are to be applied before the credit provided by this
 5 chapter.

6 Sec. 5. As used in this chapter, "taxpayer" means an individual
 7 or entity that has state tax liability.

8 Sec. 6. (a) A taxpayer is entitled to a credit against the
 9 taxpayer's state tax liability for a taxable year for the ad valorem
 10 property taxes paid by the taxpayer in the taxable year on
 11 inventory.

12 (b) The amount of the credit is equal to the lesser of:

13 (1) the ad valorem property taxes paid on inventory in the
 14 taxable year; or

15 (2) an amount equal to the ad valorem property taxes paid on
 16 inventory, as identified by the taxpayer, with an assessed
 17 value not exceeding the following:

18 (A) For a taxable year beginning in 1999, twenty thousand
 19 dollars (\$20,000).

20 (B) For a taxable year beginning in 2000, thirty thousand
 21 dollars (\$30,000).

22 (C) For a taxable year beginning in 2001, forty-five
 23 thousand dollars (\$45,000).

24 (D) For a taxable year beginning in 2002, seventy thousand
 25 dollars (\$70,000).

26 (E) For a taxable year beginning in 2003, one hundred five
 27 thousand dollars (\$105,000).

28 (F) For a taxable year beginning in 2004, one hundred sixty
 29 thousand dollars (\$160,000).

30 (G) For a taxable year beginning in 2005, two hundred fifty
 31 thousand dollars (\$250,000).

32 (H) For a taxable year beginning in 2006, three hundred
 33 seventy-five thousand dollars (\$375,000).

34 (I) For a taxable year beginning in 2007, five hundred
 35 sixty-five thousand dollars (\$565,000).

36 (J) For a taxable year beginning in 2008 and thereafter,
 37 one million dollars (\$1,000,000).

38 Sec. 7. (a) If the amount determined under section 6(b) of this
 39 chapter for a taxpayer in a taxable year exceeds the taxpayer's
 40 state tax liability for that taxable year, the taxpayer may carry the
 41 excess over to the following taxable years. The amount of the credit
 42 carryover from a taxable year shall be reduced to the extent that

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1 the carryover is used by the taxpayer to obtain a credit under this
 2 chapter for any subsequent taxable year. A taxpayer is not entitled
 3 to a carryback.

4 (b) A taxpayer is not entitled to a refund of any unused credit.

5 Sec. 8. If a pass through entity does not have state income tax
 6 liability against which the tax credit may be applied, a shareholder
 7 or partner of the pass through entity is entitled to a tax credit equal
 8 to:

9 (1) the tax credit determined for the pass through entity for
 10 the taxable year; multiplied by

11 (2) the percentage of the pass through entity's distributive
 12 income to which the shareholder or partner is entitled.

13 Sec. 9. To receive the credit provided by this chapter, a taxpayer
 14 must claim the credit on the taxpayer's state tax return or returns
 15 in the manner prescribed by the department. The taxpayer shall
 16 submit to the department proof of payment of an ad valorem
 17 property tax and all information that the department determines
 18 is necessary for the calculation of the credit provided by this
 19 chapter.

20 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]
 21 IC 6-3.1-20, as added by this act, applies only to taxable years that
 22 begin after December 31, 1998.

23 SECTION 3. An emergency is declared for this act.

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